

Get those E-rate dollars back to AZ!!!

(Arizona Telecom Rate Payers supply about \$180 Million Annually to the USF)

Partnership of

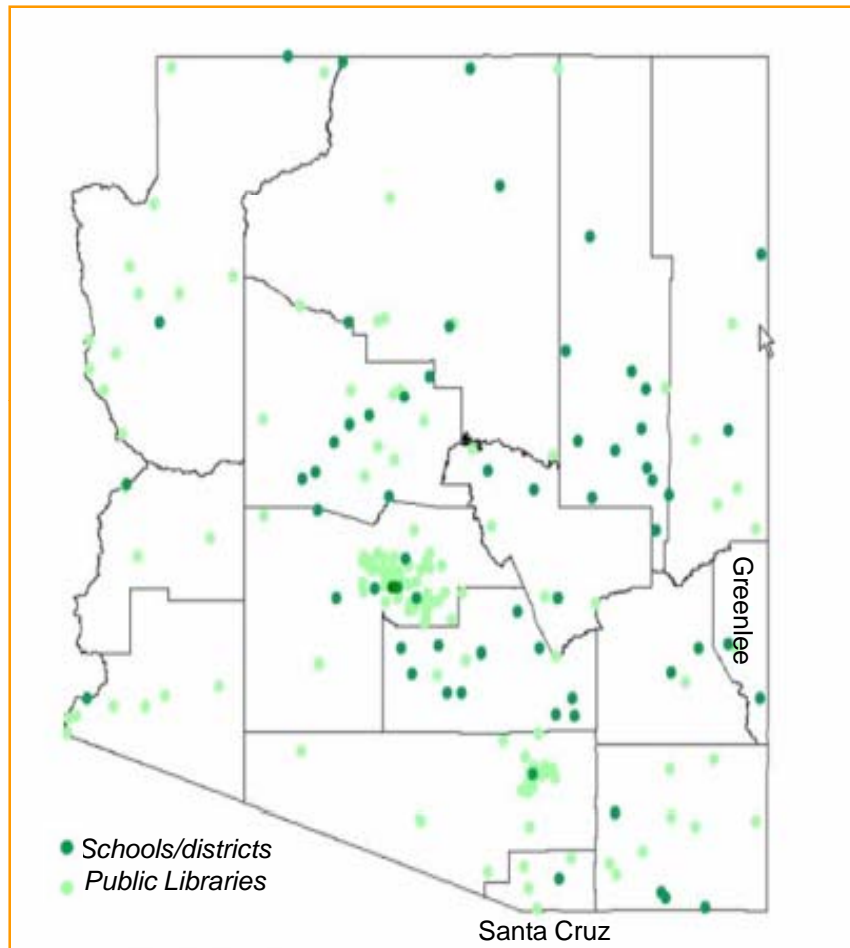
- Arizona Dept. of Education
- Arizona State Library
- Government Information Technology Agency
- State Procurement Office
- Governor's Office
- Arizona Telecom Industry
- Arizona Schools
- Arizona Libraries
- Arizona Residents



Arizona Department of Education



Who is applying and for what in 2008-9?



School District	\$131,850,301
Schools	\$14,681,570
Libraries	\$5,422,937
SL Consortium	\$11,759,185
Total Request	\$163,713,994

Telecom	\$31,614,031.80
Internet	\$10,774,263.97
Int. Connections	\$109,875,988.00
Maintenance	\$11,449,711.20

Funding Commitments for Schools and Libraries since 1998: Approx. \$357.1 m



Funding Commitments to AZ Schools & Libraries

AZ contributes over \$180 million.

Gets back funding to schools and libraries, to health care and for rural infrastructure development.

Below is what we received for Schools and Libraries.

The National Ranking is based on committed amounts



ALL AZ	Rank	% of National Total	Requested	Committed	Billed
1998	17	2.08	\$44,502,427	\$35,600,855	\$30,230,047
1999	15	1.96	\$56,823,258	\$43,193,996	\$33,030,648
2000	13	2.26	\$99,201,077	\$47,431,175	\$39,177,856
2001	9	2.75	\$141,377,501	\$63,080,085	\$42,504,620
2002	14	2.21	\$124,517,265	\$51,530,522	\$29,787,365
2003	8	2.73	\$138,436,264	\$73,411,806	\$47,350,846
2004	9	2.56	\$150,809,230	\$59,082,754	\$35,622,093
2005	15	2.00	\$101,911,244	\$42,628,751	\$28,073,618
2006	10	2.94	\$147,427,558	\$58,894,685	\$32,053,631
2007			\$156,098,705	\$33,611,760	
2008			\$163,713,994		



Counties, School Districts, Places and Fiber

Need stats on:

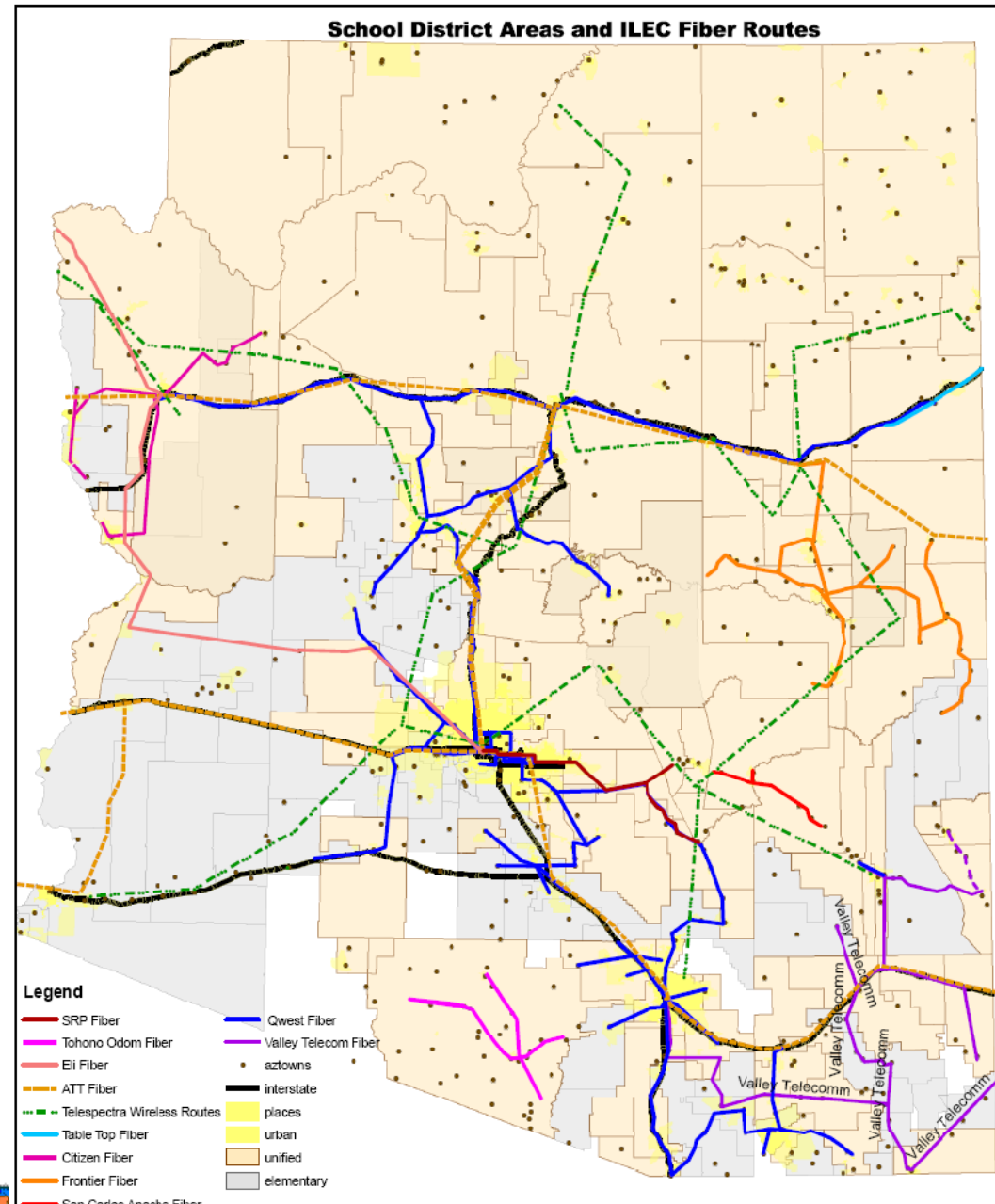
Application\$ by County

Approved\$ by County

Billed\$ by County

Rural Schools not applying

Urban Schools not applying



Arizona Department of Education



Reasons for not claiming committed amounts

- ☐ Applied for ineligible products and services (lack of training)
- ☐ Did not meet the subsequent deadlines after committing funds (lack of follow through)
- ☐ Did not satisfactorily answer Program Integrity Officers enquires (lack of knowledge)
- ☐ Staff changes hence could not follow through (lack of continuity)
- ☐ Too complicated (lack of directive from the top, and lack of awareness of consequences)

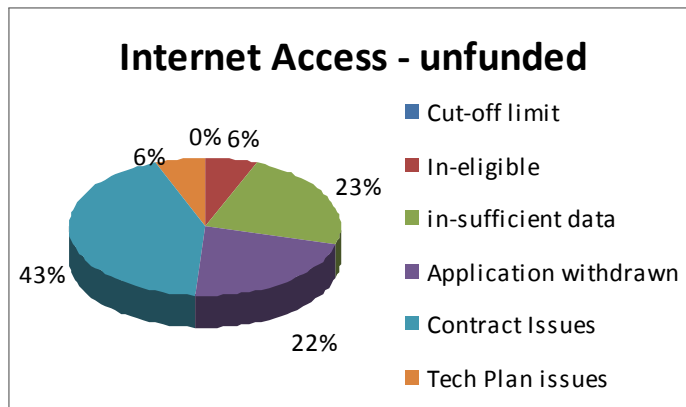
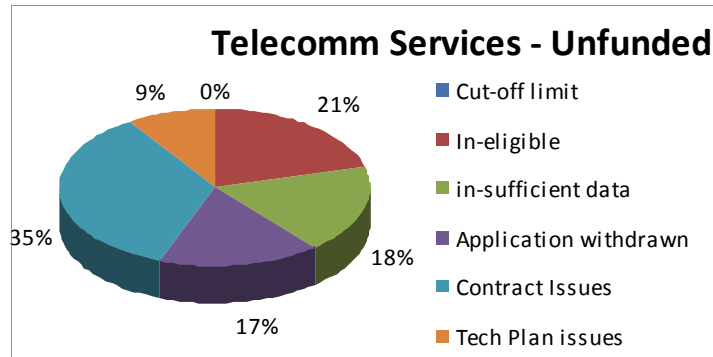


Arizona's Top denial reasons for 2005 and 2004

2005	\$ 5,968,863.26	Price of services was not a primary factor in vendor selection, or 470 not in place when the vendor was selected or Vendor was selected by an RFP that was not listed on the 470
2005	\$ 3,162,352.34	Entity did not have an approved technology plan
2005	\$ 2,906,744.78	No contract or legally binding agreement was in place when the 471 was filed
2004	\$ 9,024,745.22	Price of services was not a primary factor in vendor selection, or 470 was not in place when the vendor was selected, Price was not a primary factor in vendor selection , or Vendor was selected by an RFP that was not listed on the 470 application
2004	\$ 7,930,443.61	Violation of the 28-day window for 470 to vendor contract award
2004	\$ 7,331,243.95	No contract or legally binding agreement was in place when the 471 was filed
2004	\$ 5,994,236.41	Had not secured access to matching funds or validated to the SLC that you did have access to the matching funds.
2004	\$ 5,550,388.43	30% or more of FRN was for an ineligible service.



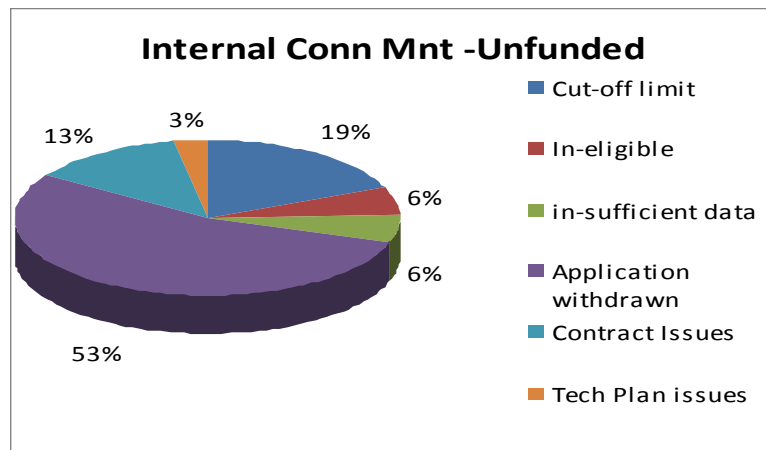
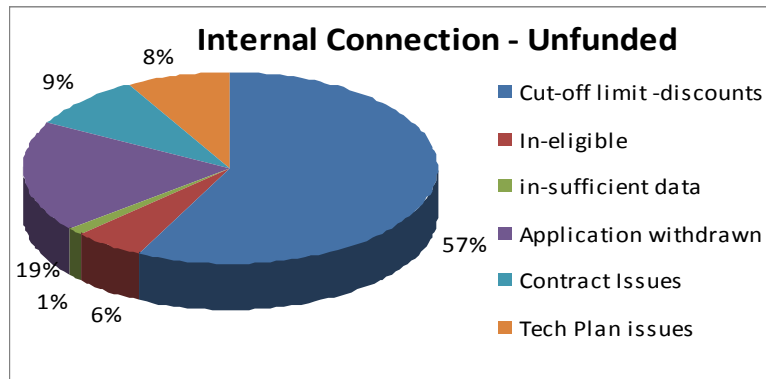
Reasons for Denial 2006 Priority 1



	Telecomm	Internet
Cut-off limit - discount	\$0.00	\$0.00
In-eligible	\$1,055,352.14	\$86,832.20
in-sufficient data	\$897,954.14	\$317,177.84
Application withdrawn	\$863,147.08	\$302,799.80
Contract Issues	\$1,759,702.33	\$594,442.53
Tech Plan issues	\$459,931.71	\$81,976.72
Total	\$5,036,087.40	\$1,383,229.09



Reasons for Denial 2006 Priority 2



Reasons for denial	Internal Connection	Internal Conn. Mnt.
Cut-off limit - discounts	\$32,601,830.60	\$2,313,336.27
In-eligible	\$3,288,018.25	\$706,798.34
in-sufficient data	\$744,263.08	\$699,247.20
Application withdrawn	\$10,671,752.26	\$6,704,033.44
Contract Issues	\$5,249,588.96	\$1,601,990.49
Tech Plan issues	\$4,543,608.04	\$341,659.95
Total	\$57,099,061.19	\$12,367,065.69



State-wide E-rate-able Contracts

- The Department of Administration, Enterprise Procurement Services Division (EPS), has
- Awarded contracts resulting from State solicitation using E-rate form 470
- Contracts are now available via the State's Procurement web site, SPIRIT (www.spirit.az.gov).
- Contracts are being aligned to the e-rate cycle.



Proposed Plan - What we can get back

Current Data

- Amount Applied for = **\$163M**
- Amount Approved and committed = **\$82M** or 50% of applied for dollars
- Amount billed = **\$35M** or 45% of committed dollars

Targets achieved thru Consolidation

- Amount Applied for to **\$180M** (Increase by \$20M, especially phone and Broadband \$'s)
- Amount Approved and committed to **\$108M** (Increase by \$26M or to 60% approval rate)
- Amount billed, to **\$85M** (or increase to 80% of committed dollars)
- 1st Year minimum increase=**\$50M new money**
- 2nd Year factors=increase to \$200M Applied, \$120 Approved, **\$96Million Billed(85%) or \$66M new \$.**

- A team of 4 people - State E-rate Task Force @ \$500-\$700K.
- Outsource E-rate processes to 10 regional teams (20+ people) @ \$2M plus bonuses.
- With 600+ Entities - Each team member will manage about 30 entities
Huge Efficiency savings 20+ people vs. 400 part-timers doing it poorly (200+ don't apply).
- Build an initial fund of about \$4M through Vendor contribution and by diversion of 10-20% of **New** dollars via **legislation** or IGA agreement w/ districts.
- Fund Dollars recycled back to E-rate uses in the following years (pay SPO, Tech plans, pay selected district matching (10 to 20%), etc.



Principles of E-Rate Consolidation efforts

- Districts and Libraries must show cause to opt out
- First two years – Divert 20 % of New E-Rate\$ to Erate Fund (pay for services and reimburse seed money)
- Use Professionals (rather than part time FTE's)– Outsourced by Regions - perhaps 10 regions of State (Kansas has six regions)
- Create State Task Group – Funded out of New Erate Revenue and/or from Vendor provided fund \$500K-\$700K
- State Task Group – Manages Statewide Facilitation of E-rate (State Contracts, Opt Out, Outsourced cadre, State E-rate Fund, Tech plans)

